



Markets Update

Brexit Update 20th June

What are the latest polls saying?

- While in the last week, various polls have shown a swing in sentiment towards leaving Europe (“Brexit”), overall the average poll (see below) remains modestly in favour of staying.
- However, it is still very close with a sizeable number of voters who are undecided (c.14%)
- The most recent polls carried out by YouGov and Survation show a small majority in favour of staying and the bookies (who correctly predicted Scotland would vote to stay) are indicating that a stay vote is still the most likely outcome.
- Our base case remains that Britain will vote to stay





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How is MAPS prepared for events like Brexit?

- MAPS is very well diversified across asset classes, geographies, sectors, strategies, managers and currencies to reduce the impact of market events like Brexit
- Exposure to UK shares is relatively low ranging from a minimum of about 2% in MAP 2 to a maximum of about 6.5% in MAP 5 (it is slightly less in MAPS 6)
- All MAPS have a 50% currency hedge in place post our last Annual Review which further reduces the potential impact on performance of a fall in the value of sterling
- ILIM Low Volatility shares typically do better than 'ordinary shares' in volatile markets like we are seeing currently. This low volatility fund is unique to Irish Life.
- As ever, DSC is monitoring market movements on a daily basis in the unlikely event of a significant market fall.
- ILIM asset allocation committee reviews assets monthly and uses tactical positions to reflect the current environment.

What is likely to happen to stock markets after the Brexit vote?

- *If the 'stay' vote wins:*
 - We would expect stock markets to rally instantly – how much will depend on how stock markets perform between now and then. Shares in MAPS would benefit from such a rally.
- *If the 'leave' vote wins:*
 - We would expect stock markets to fall initially – how much again depends on how stock markets perform between now and then. This would be negative for shares in MAPS
 - However, MAPS is very well diversified and while shares may fall initially, it would likely be a positive for bonds – 42% in MAPS 2, 25.5% in MAPS 3 and 10.5% in MAPS 4.
 - The Irish Commercial Property Fund is unlikely to be directly impacted by a vote to leave in the short term.
 - Sterling is likely to weaken against the Euro while the Euro may weaken against other currencies. All MAPS have a 50% currency hedge in place currently.

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